



**Annual  
Meeting of  
Shareholders**

**April 17, 2003**

**SOUTHSIDEBANCSHARES, INC.**



**B.G. Hartley**

**Chairman of the Board &  
Chief Executive Officer**

**SOUTHSIDE BANCSHARES, INC.**



# **Lee R. Gibson, CPA**

**Executive Vice President &  
Chief Financial Officer**

**SOUTHSIDE BANCSHARES, INC.**

# Net Income Comparison

**December 31, 2002**

**Net Income**      **\$13,325,000**

**EPS**              **\$1.34**

**ROE**             **17.68%**

**ROA**             **1.03%**

**December 31, 2001**

**Net Income**      **\$11,731,000**

**EPS**              **\$1.20**

**ROE**             **18.69%**


**ROA**             **0.96%**

# SOUTHSIDE BANCSHARES, INC.

## First Quarter Results

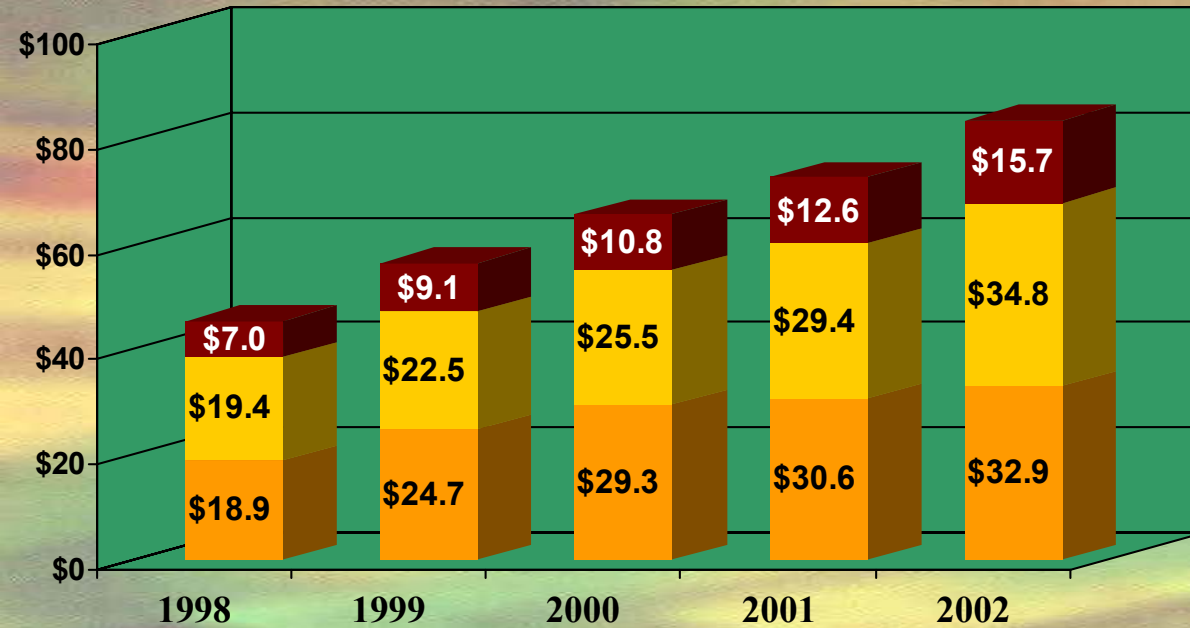
March 31,

	<u>2003</u>	<u>2002</u>
<b>Net Income</b>	<b>\$3,357,000</b>	<b>\$2,766,000</b>
<b>EPS</b>	<b>\$0.34</b>	<b>\$0.28</b>
<b>ROE</b>	<b>16.19%</b>	<b>15.79%</b>
<b>ROA</b>	<b>1.03%</b>	<b>0.88%</b>



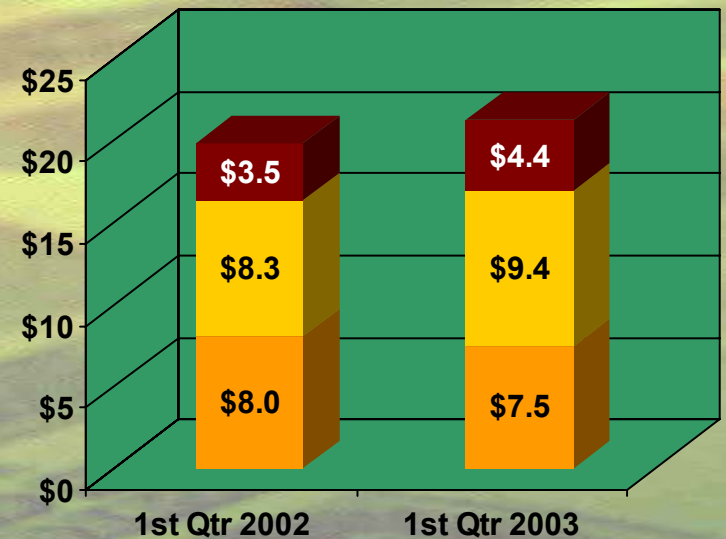
# Income Components

(Dollars in Millions)

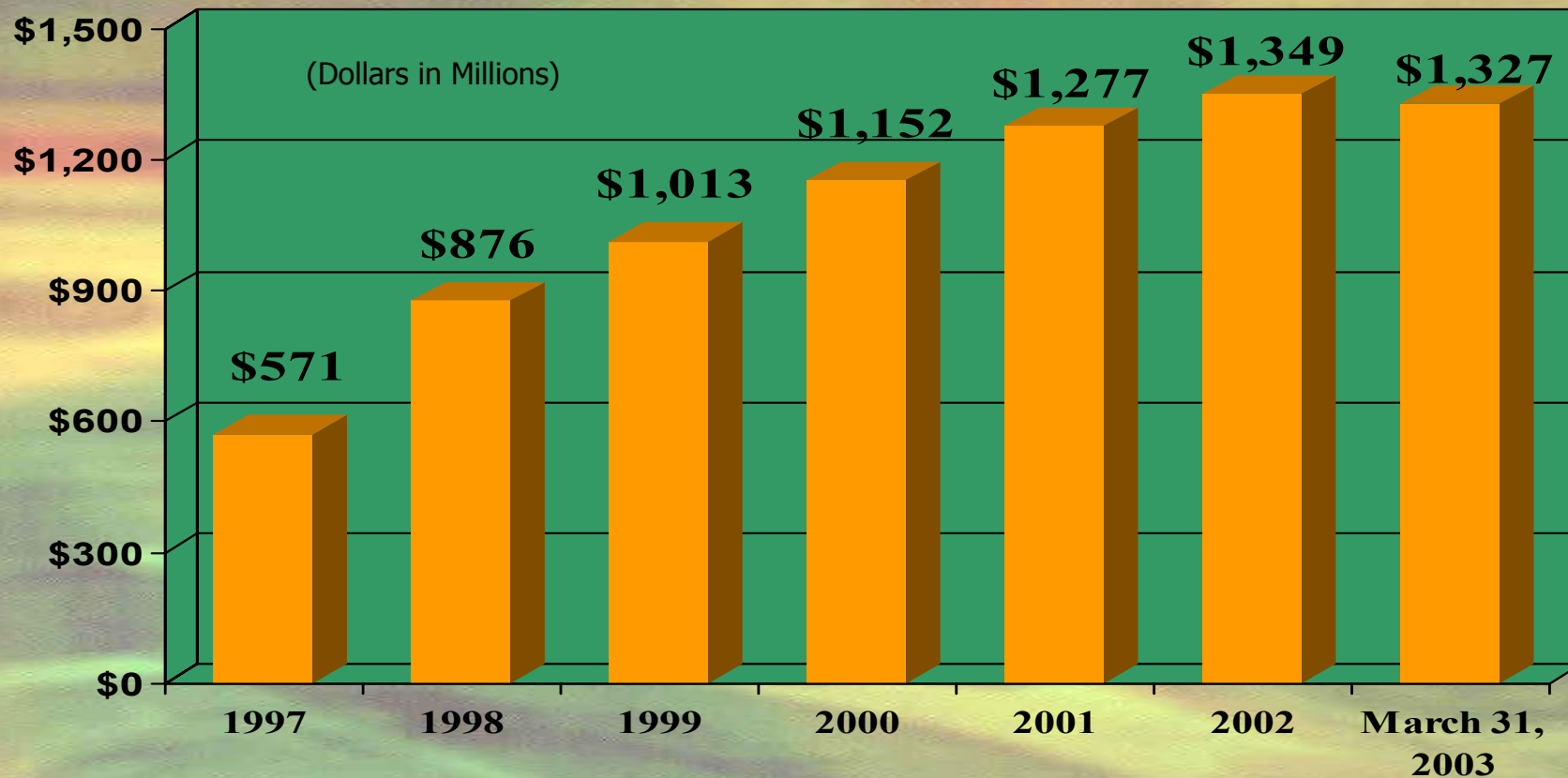


- Noninterest Income w/o Securities Gains
- Noninterest Expense
- Net Interest Income

## Quarterly Comparison



# Asset Growth

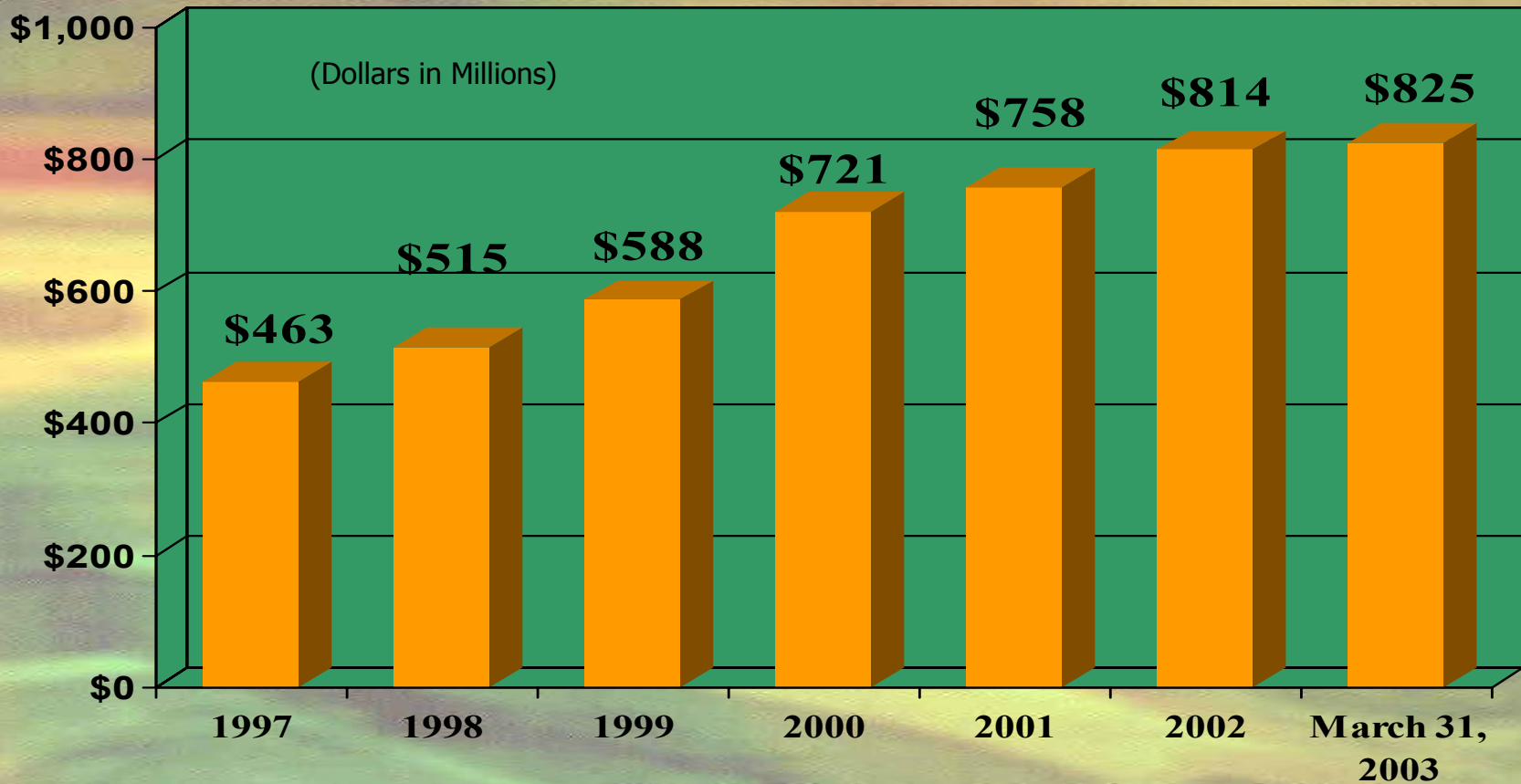


## Contributors:

- Loan Growth
- Leverage Strategy

**CAGR – 18.8%    1997 - 2002**

# Deposit Growth



## Contributors:

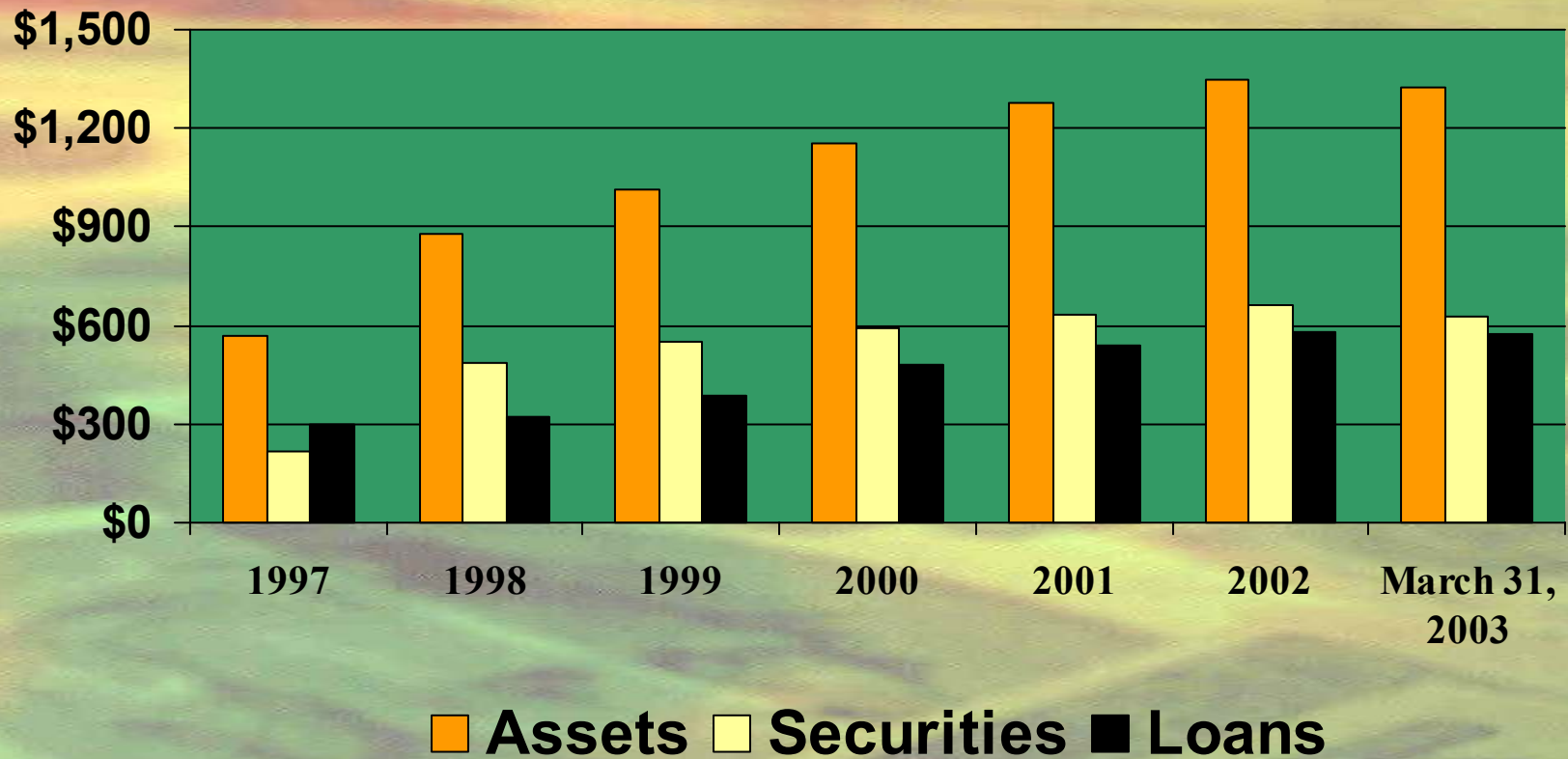
- Core Deposit Growth
- CD Growth

**CAGR – 12.0% 1997 - 2002**



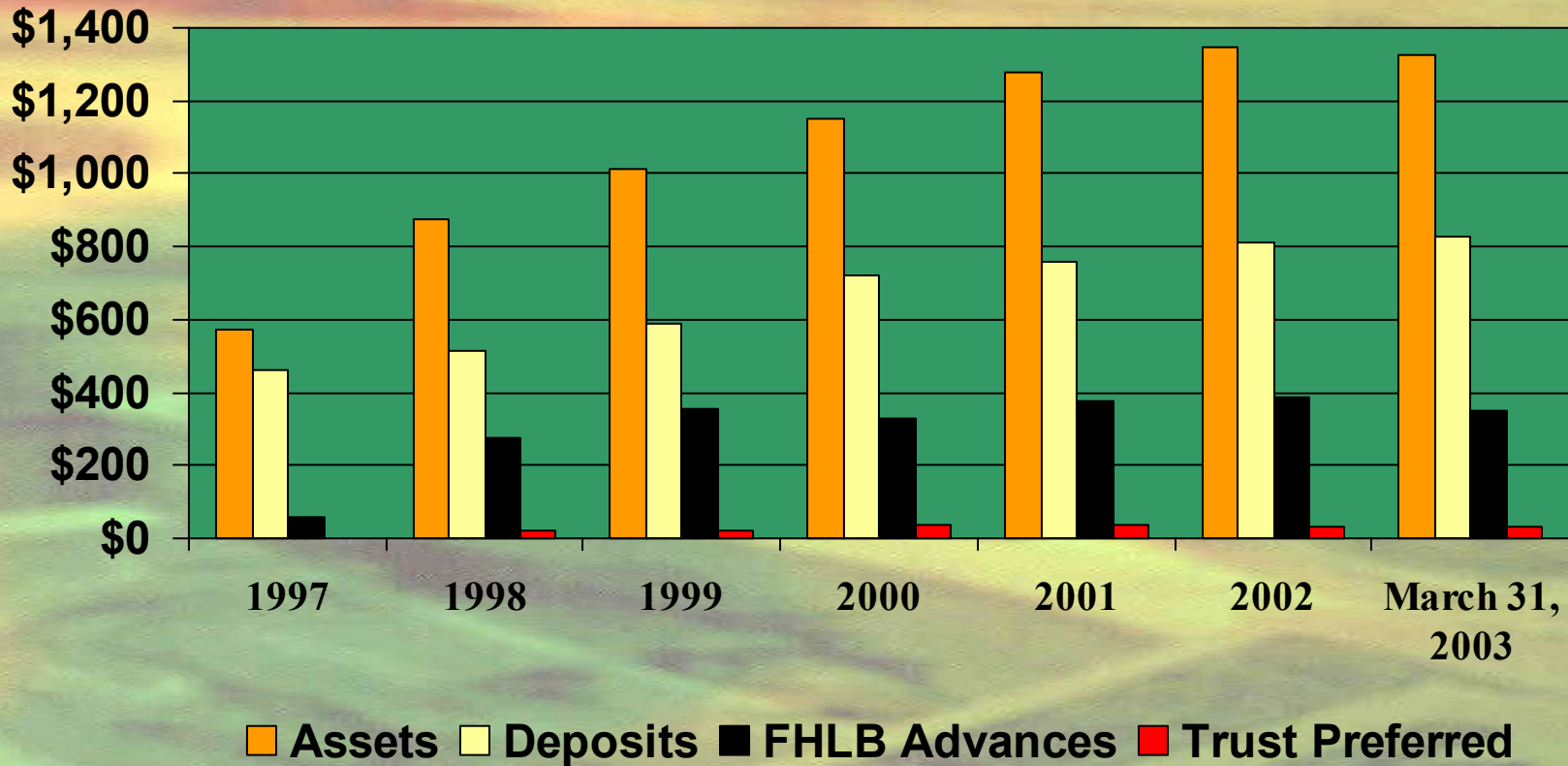
# Balance Sheet Growth - Assets

(Dollars in Millions)



# Balance Sheet Growth - Liabilities

(Dollars in Millions)



# Leverage Strategy

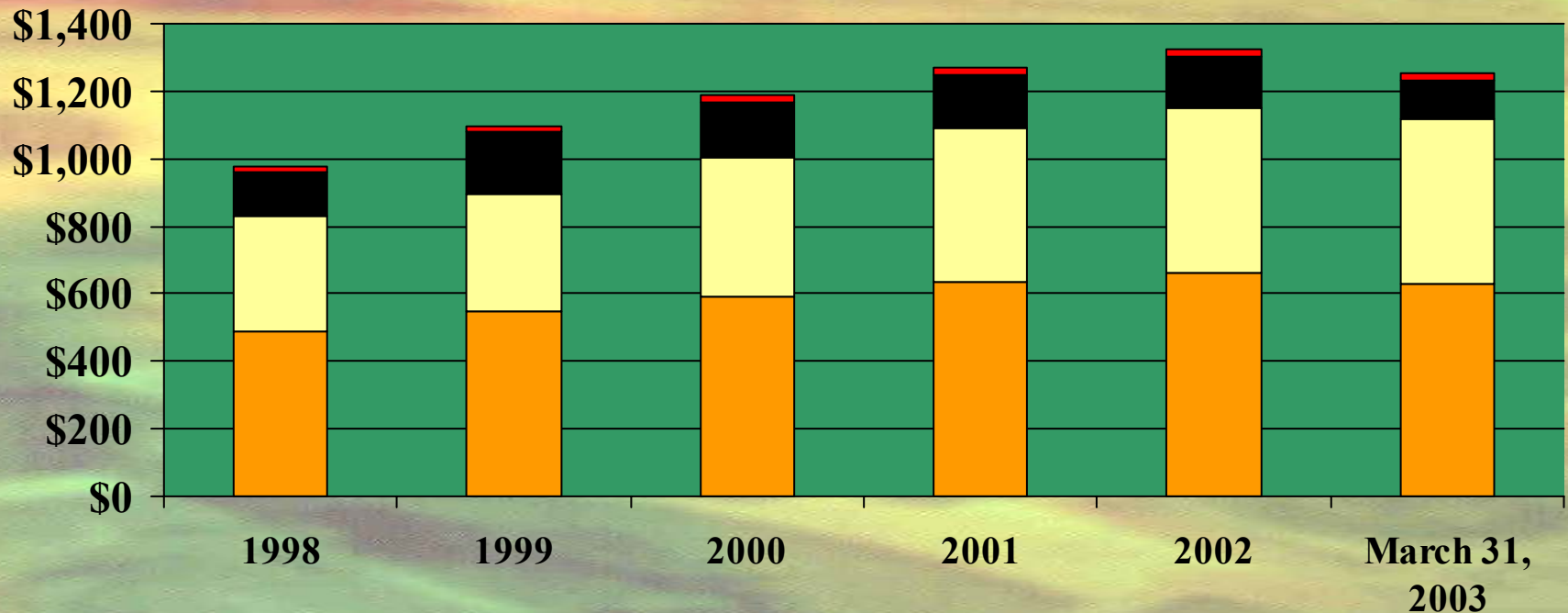
**GOAL: Enhance profitability with acceptable levels of credit, interest rate and liquidity risk**

- Borrow long and short-term funds from FHLB
- Buy premium mortgage-backed securities and long-term municipal securities
- Profit from the spread with low credit and liquidity risk

**FUTURE: Gradually reduce percentage of securities portfolio as a percentage of total assets assuming quality loan growth is available in Southside's market area.**

# Leverage Strategy Asset Components

(Dollars in Millions)

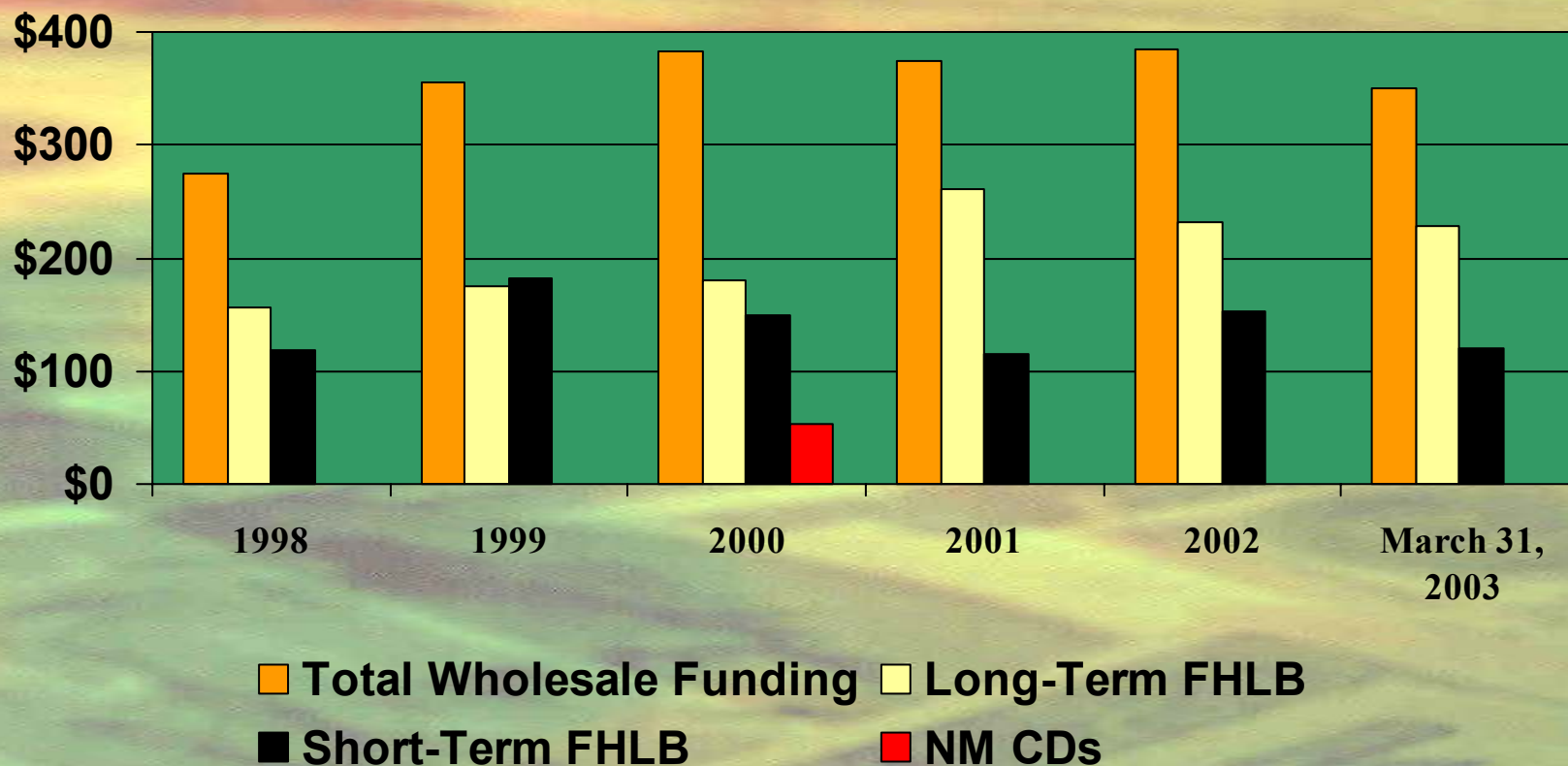


**■ Total Securities**      **■ Mortgage Securities**  
**■ Investment Securities**      **■ Equity Securities**

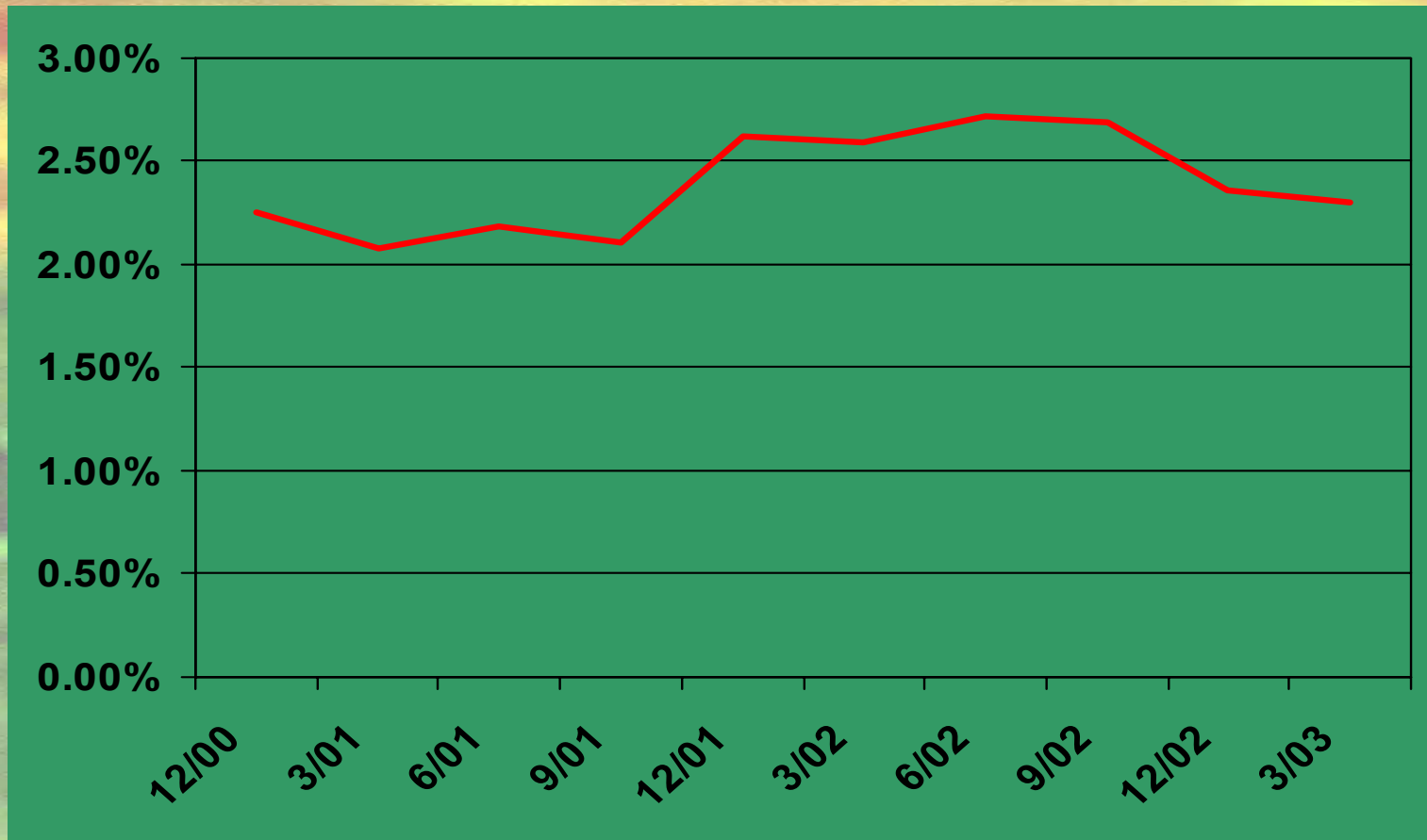
# Leverage Strategy

## Liability Components

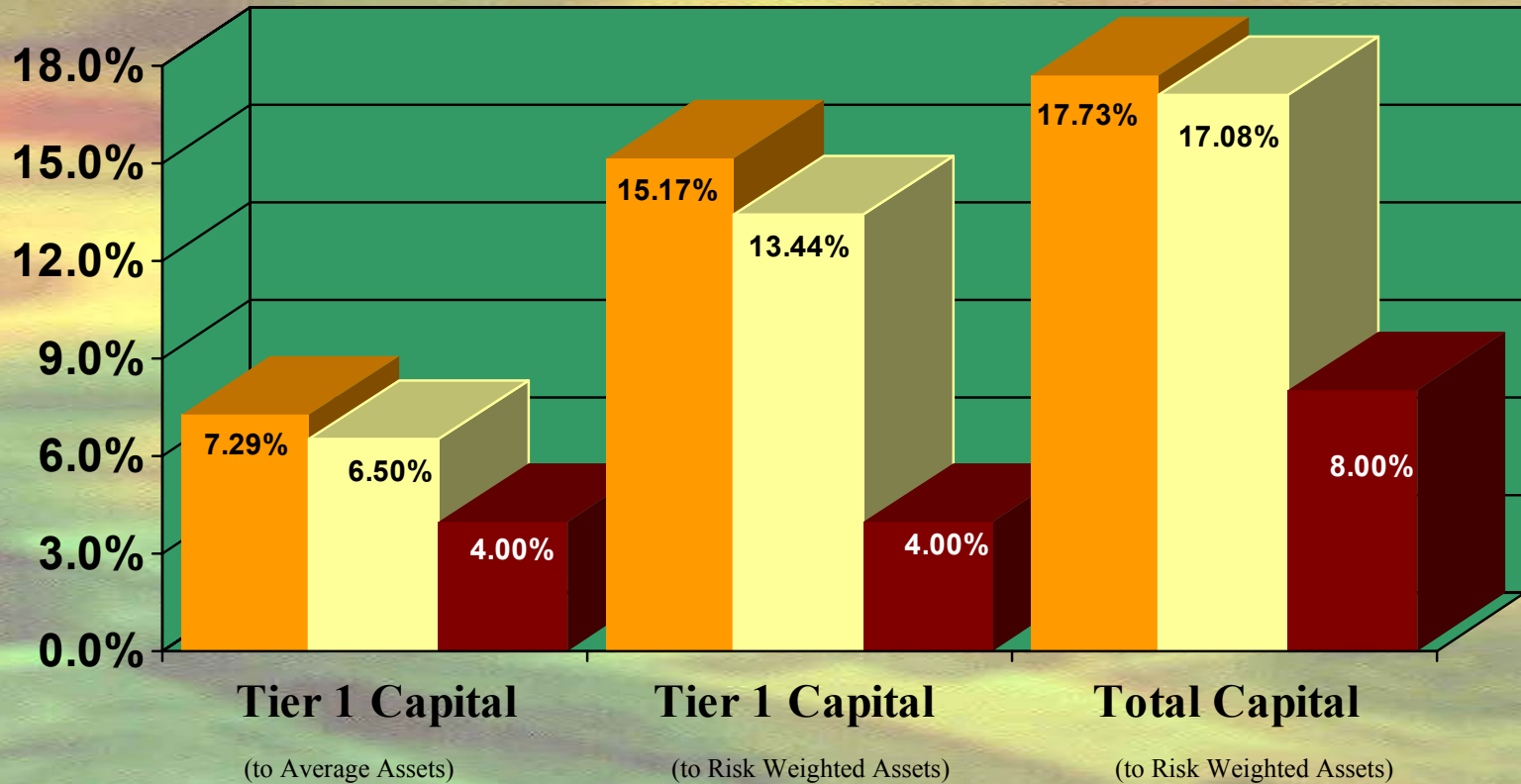
(Dollars in Millions)



# Net Interest Spread

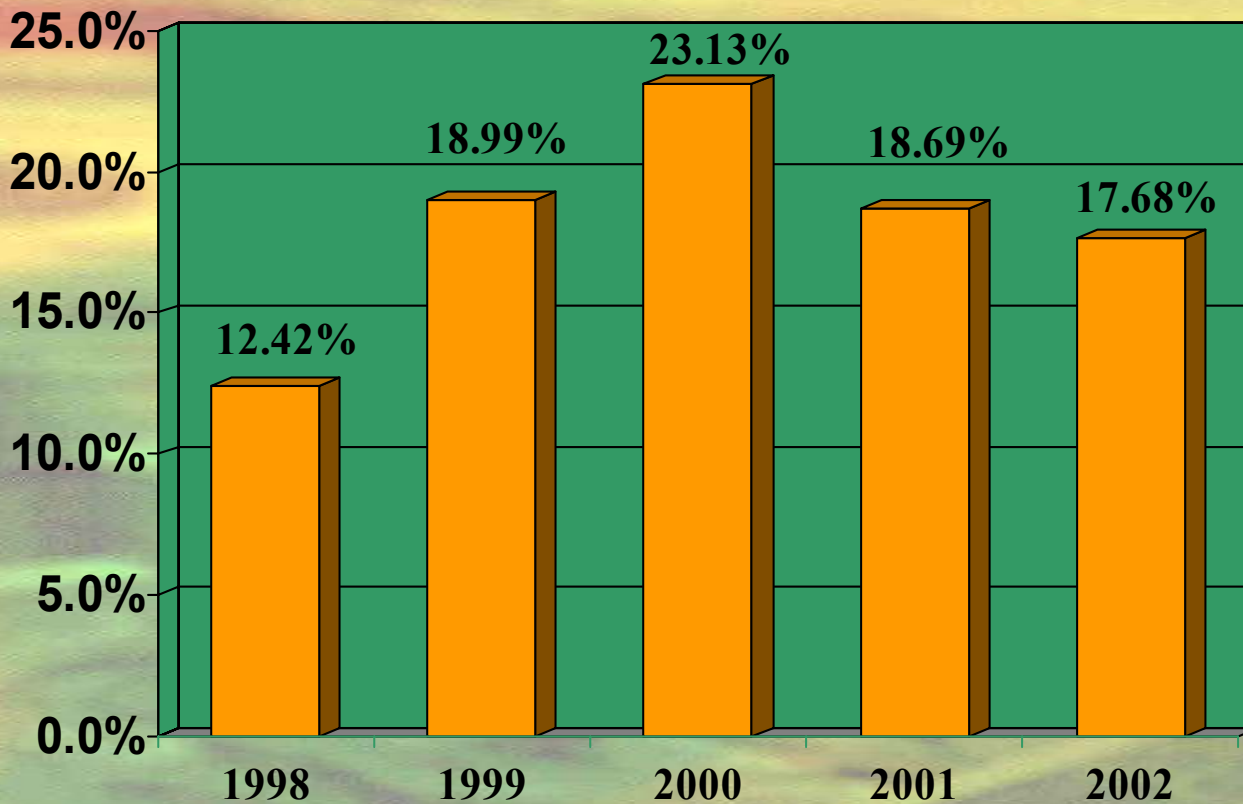


# Capital Levels



- Southside's Capital Levels December 31, 2002
- Southside's Capital Levels December 31, 2001
- Capital Level For Capital Adequacy Purposes

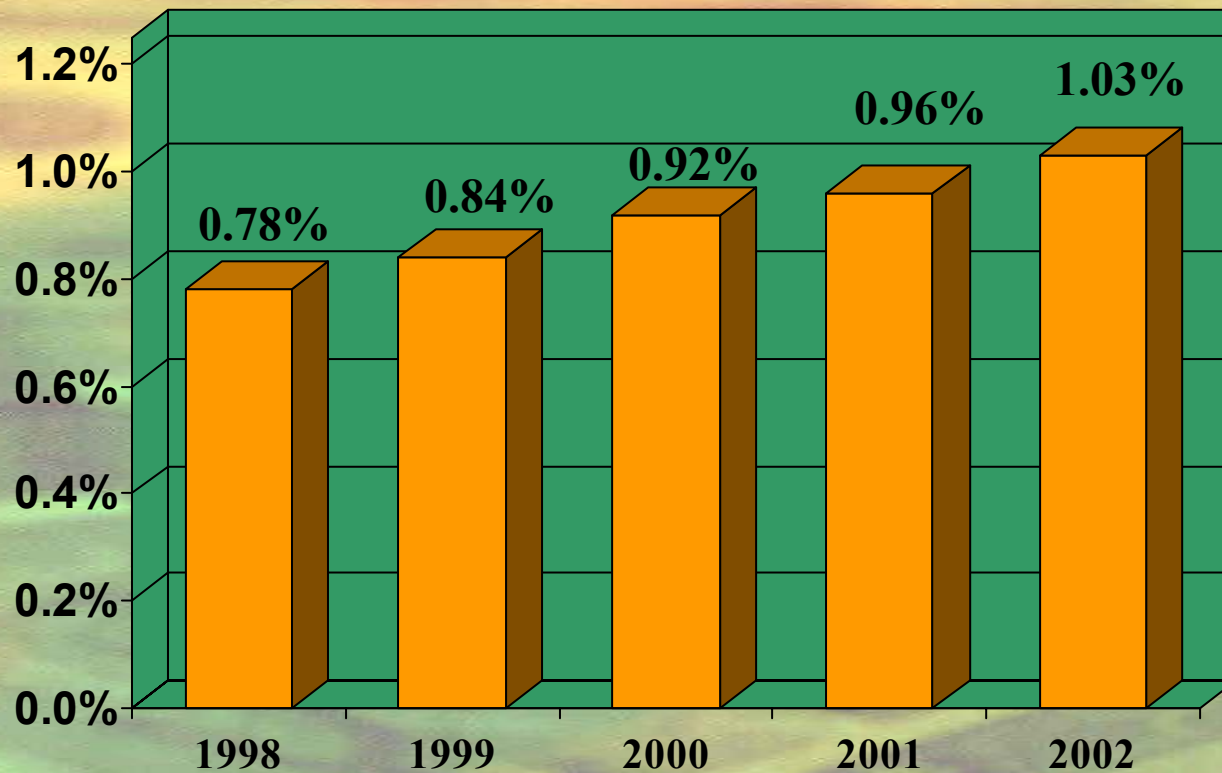
# Return on Average Equity



Over the past five years, ROE has averaged 18.18%

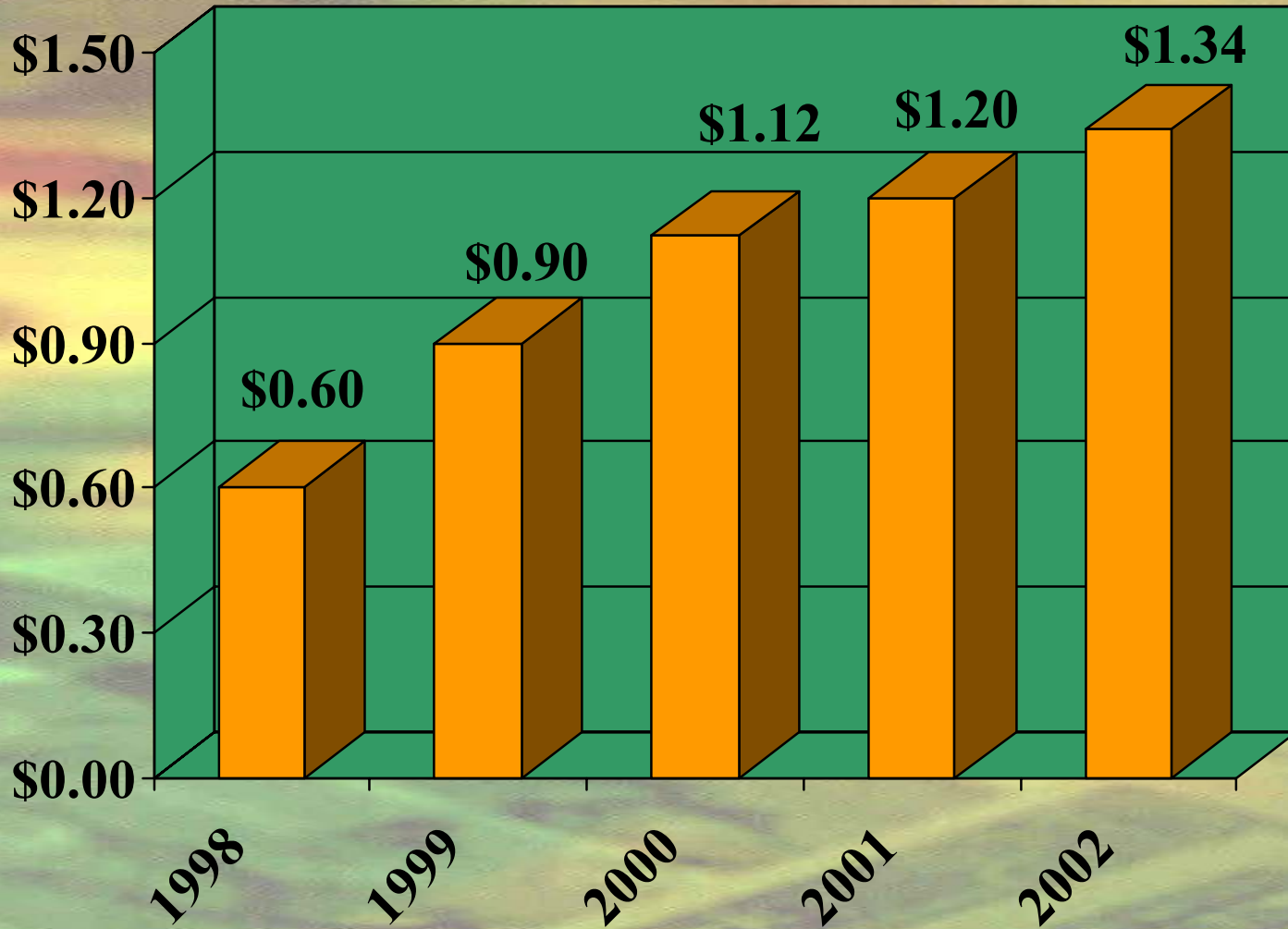


# Return on Average Assets



Over the past five years, ROA has averaged 0.91%

# Earnings Per Share – Fully Diluted



CAGR - 22.25%

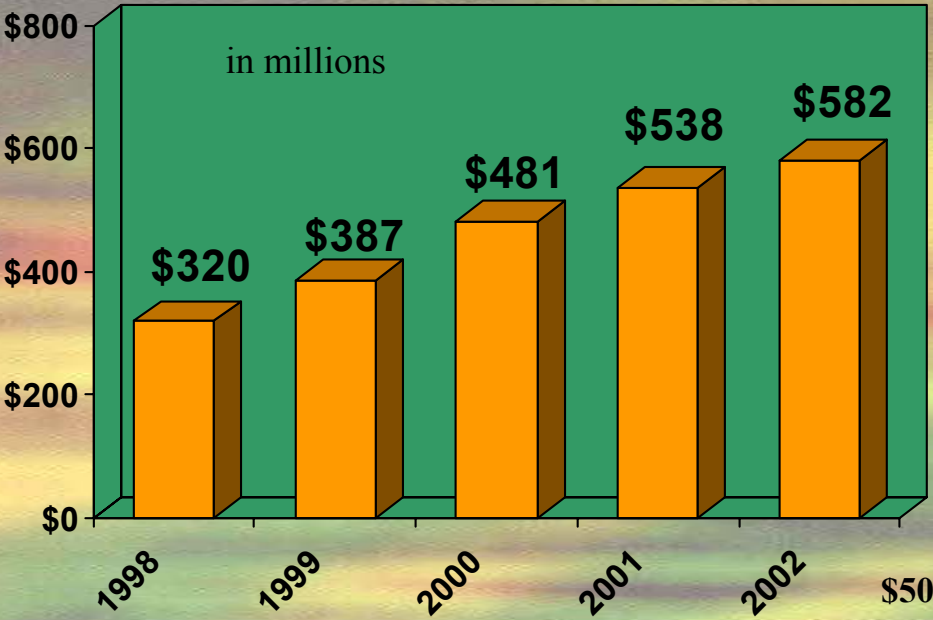


# **Jeryl Story**

**Senior Executive Vice President**

**SOUTHSIDE BANCSHARES, INC.**

# Loans Outstanding Net of Unearned Discount

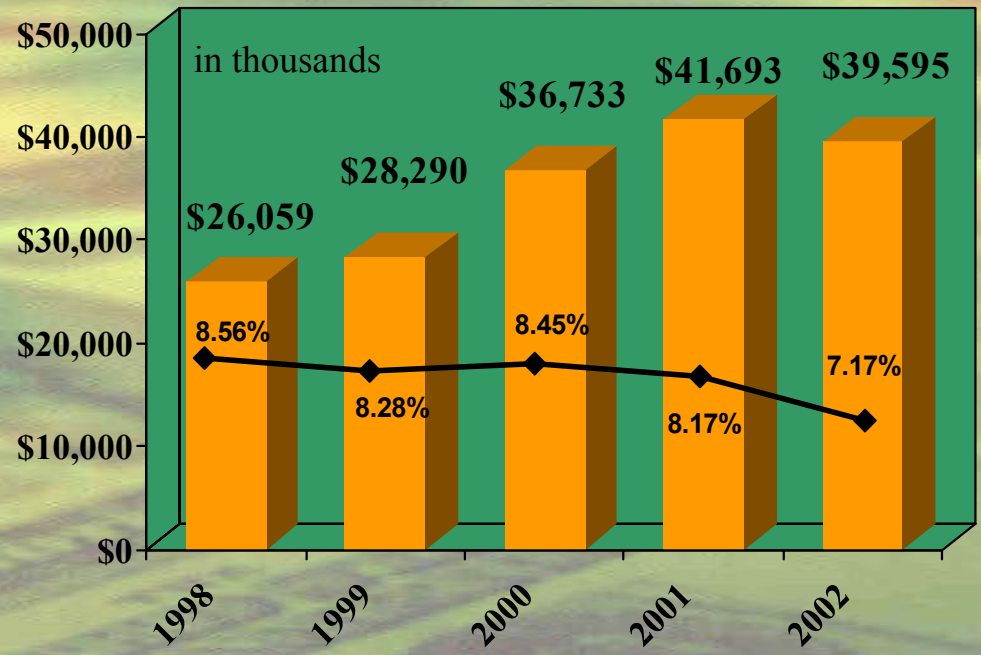


## Contributors

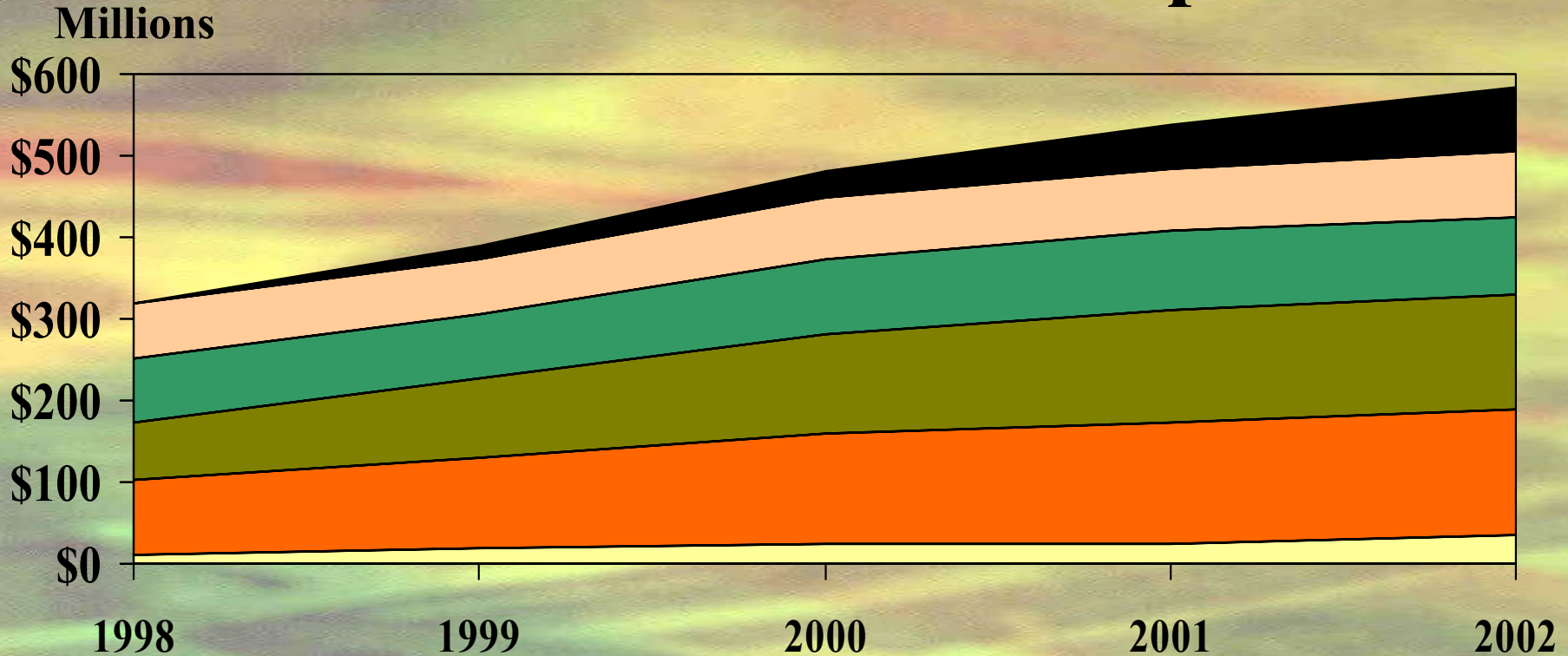
- Municipal loans
- Commercial Loans
- Real Estate loans

# Loan Growth

## Interest Income from Loans With Average Yield Trend Line



# Loan Portfolio Composition



Construction

Commercial & Other RE

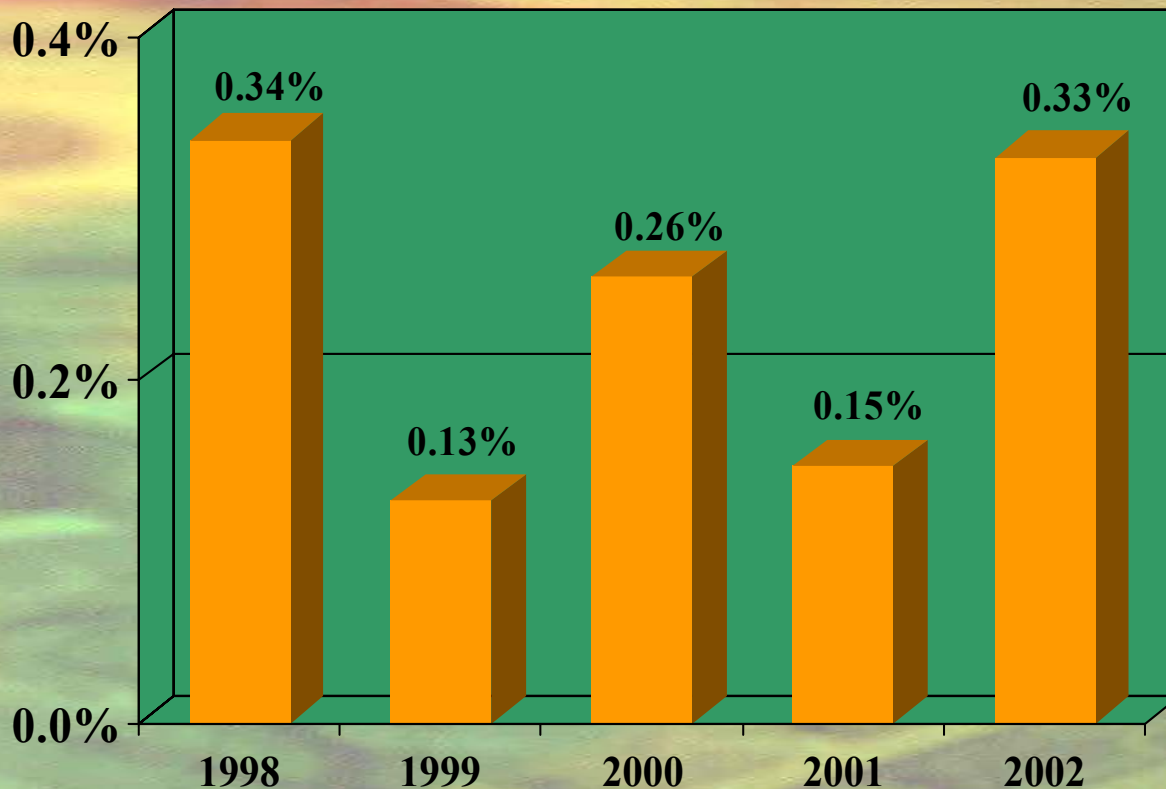
Commercial Loans

1-4 Family Residential

Loans To Individuals

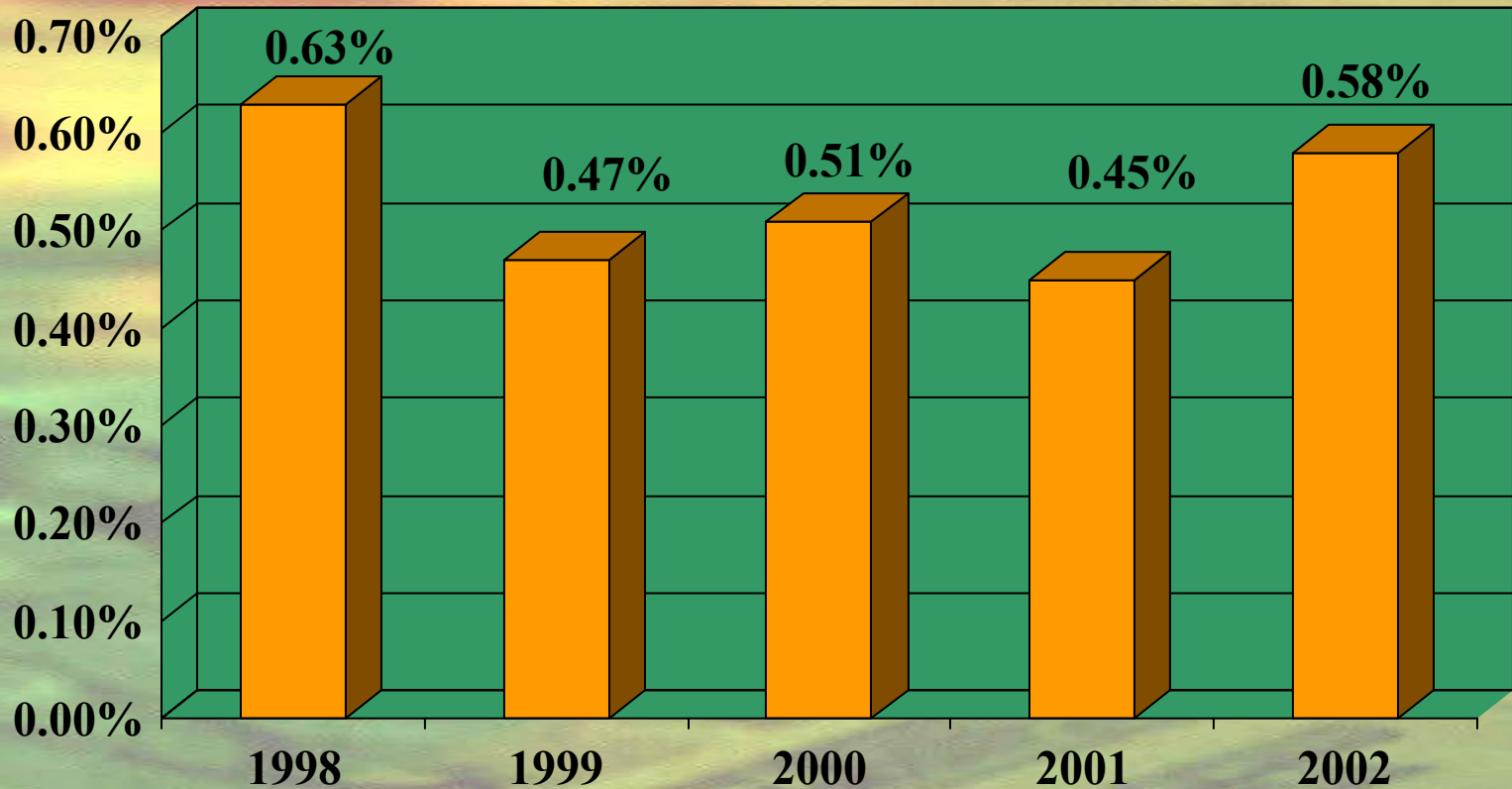
Municipals

# Net Charge-offs to Average Loans

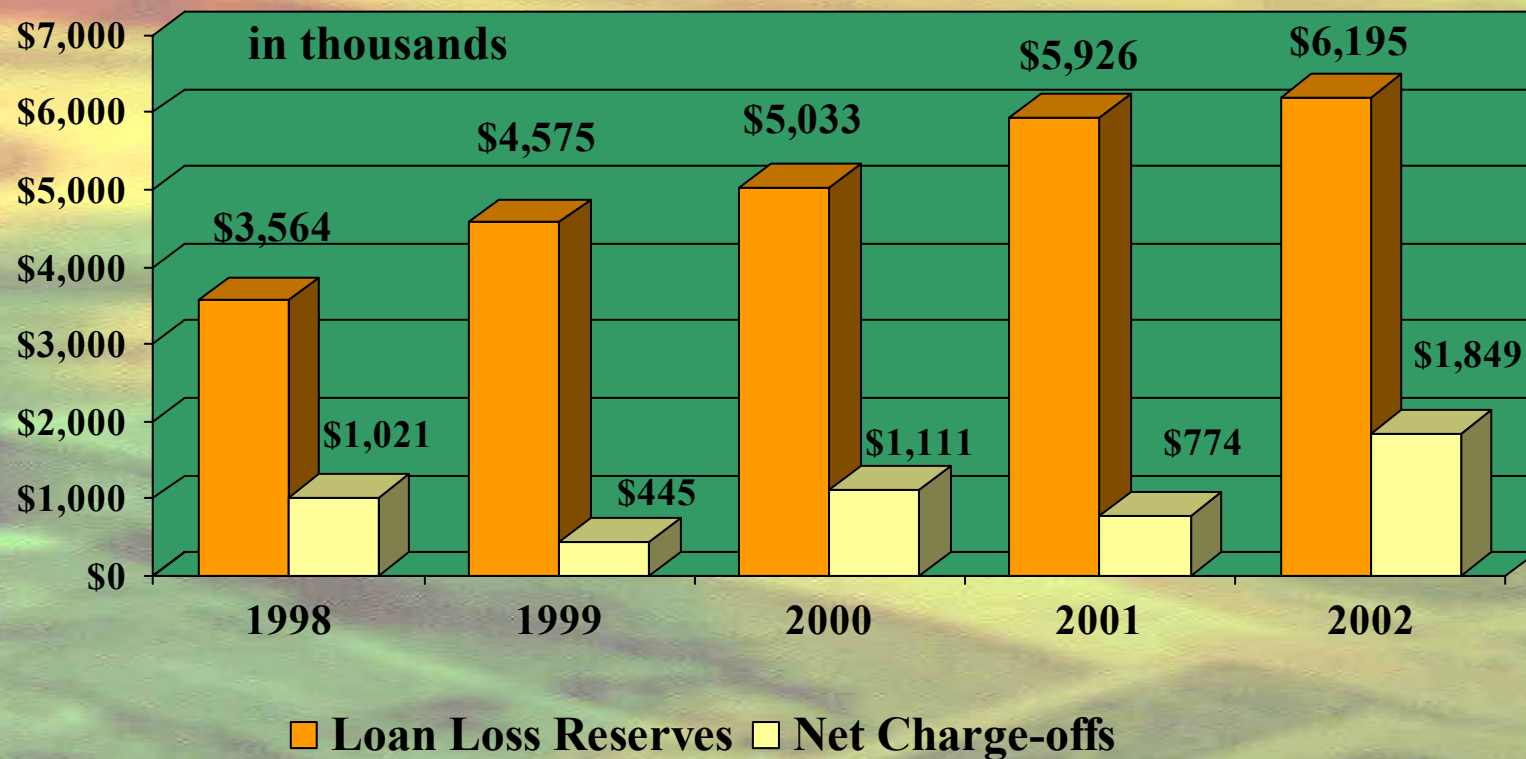


**Over the past five years, net charge-offs have been 0.2426% of average loans**

# Non-Performing Assets As a Percentage of Total Loans & Leases



# Loan Loss Reserves vs. Net Charge-offs



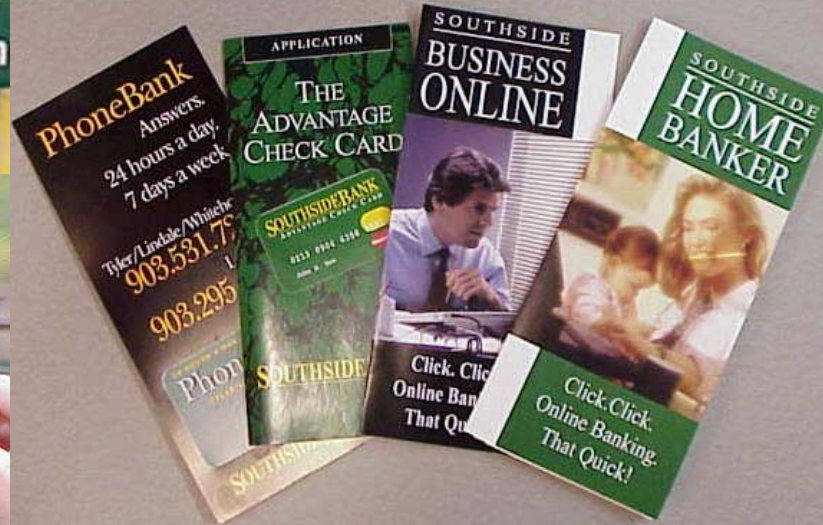




# **Sam Dawson**

**President &  
Chief Operating Officer**

**SOUTHSIDE BANCSHARES, INC.**



**SOUTHSIDE BANK**

*The Picture of Convenience*

# **Electronic Banking**

Jan  
2003

Jan  
2002

Jan  
2001

HomeBanker Customers

10,091

6,436

3,898

HomeBanker Hits

55,990

31,300

17,304

Bill Pay Customers

1,007

592

367

Business Online Clients

555

356

221

Advantage Check Cards  
Outstanding

28,321

22,286

17,119

Check Imaging Requests

23,397

9,300

0

About You

About Us

Comprehensive  
Financial  
Services

Online  
Account  
Access

Our  
Commitment  
to Our Clients

Our  
Investment  
Process

Resource  
Library

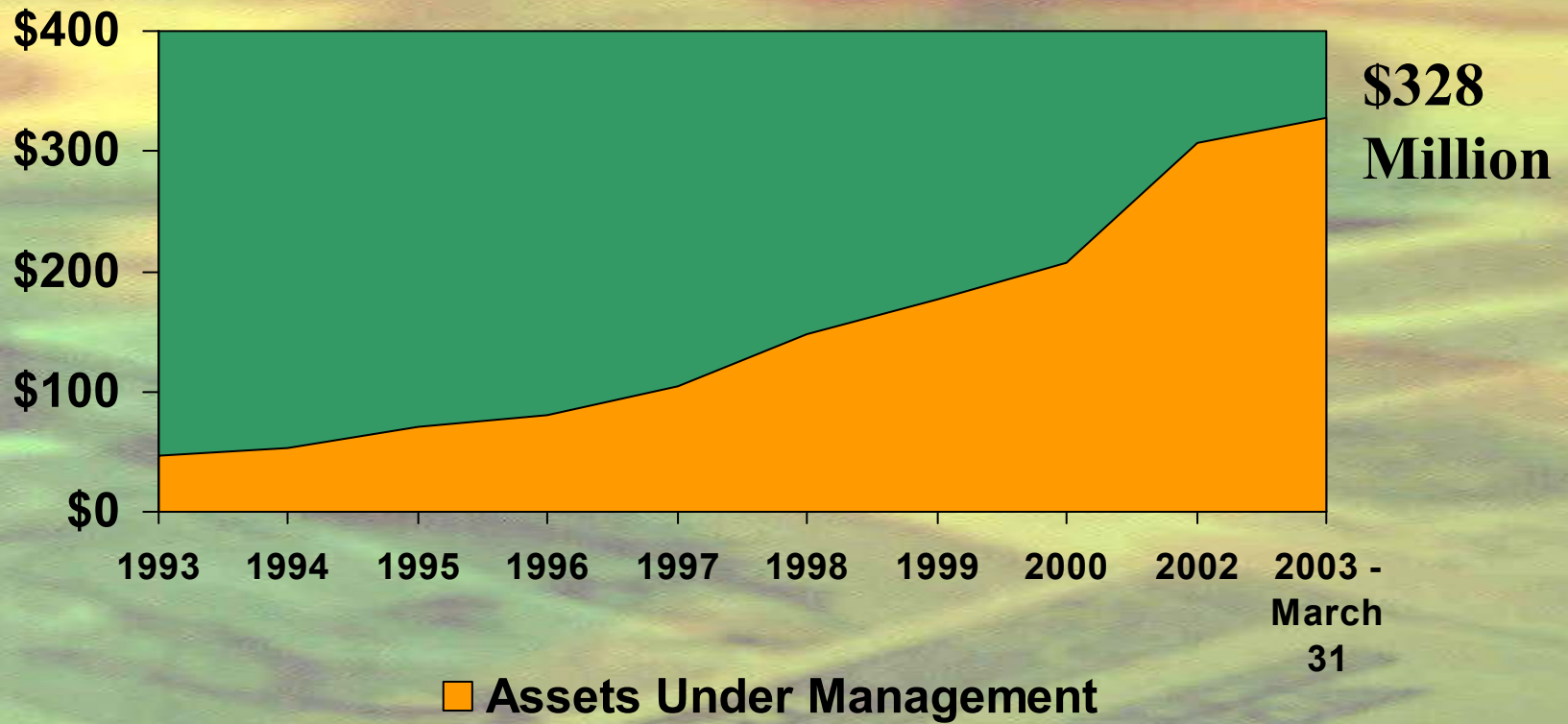
Interactive Investor  
Profile Tool

# Trust Services

# Trust Assets

## A Decade of Growth

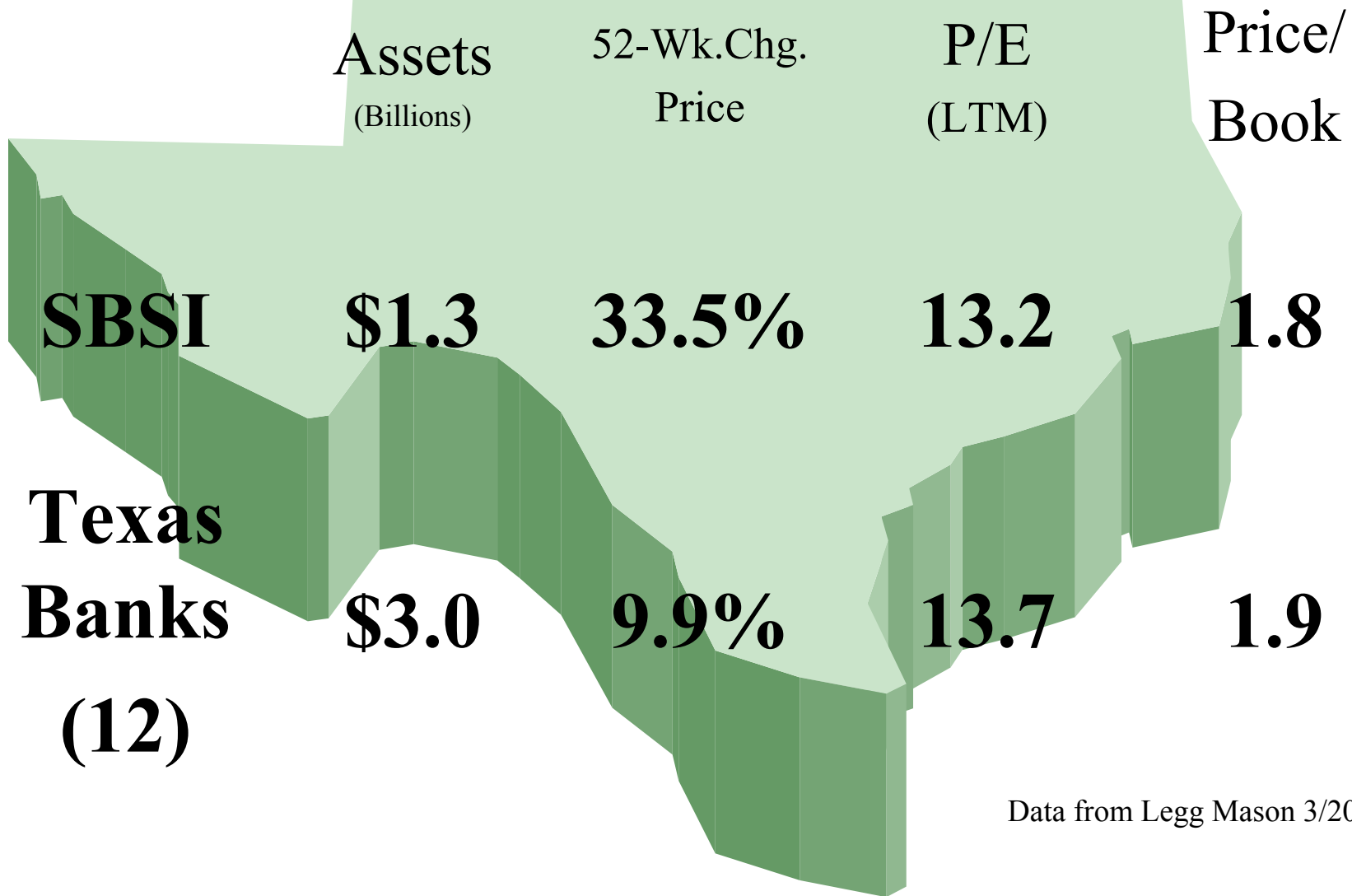
in millions



# *East Texas Market Share*

<b>Bank</b>	<b>Deposits</b>	<b>Market Share</b>
<b><u>SOUTHSIDE BANK</u></b>	<b>\$764,218,000</b>	<b>22%</b>
Regions Bank	\$463,066,000	13%
Bank One, NA	\$441,288,000	13%
Bank of America, NA	\$433,382,000	12%
Longview Bank & Trust	\$355,024,000	10%
Guaranty Bank	\$183,065,000	5%
Austin Bank	\$159,095,000	5%
Hibernia National Bank	\$109,708,000	3%
First Federal Savings & Loan	\$91,566,000	3%
Jacksonville Savings Bank, SSB	\$82,258,000	2%

# Texas Peer Group Comparison



# SBSI

AVERAGE DAILY  
TRADING VOLUME

15,300

2002 TOTAL RETURN

26%



# \$10,000

## Invested in SBSI

### For The Past 3 Years



(Data obtained from [www.quicken.com](http://www.quicken.com))



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